

XO Communications, Inc  
11111 Sunset Hills Road  
Reston, Virginia 20190  
Attention: General Counsel  
Fax: (703) 547-2025

With a copy to (which shall not constitute notice):

Brown Rudnick Berlack Israels  
120 West 45th Street  
New York, NY 10036  
Attention: Edward S. Weisfelner  
Steven D. Pohl  
Fax: (212) 704-0196  
(617) 856-8201

And

Kelley Drye & Warren, LLP  
1200 19<sup>th</sup> Street, NW, Suite 500  
Washington, DC 20036-2423  
Attention: Brad E. Mutschelknaus  
Fax: (202) 955-9792

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Notices sent as provided herein shall be deemed given on the date received by the recipient. If a recipient rejects or refuses to accept a notice given pursuant to this Section, or if a notice is not deliverable because of a changed address or fax number of which no notice was given in accordance with the provisions hereof, such notice shall be deemed to be received two (2) days after such notice was mailed (whether as the actual notice or as the confirmation of a faxed notice) in accordance with the terms hereof.

Section 7.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto, including by operation of law, without the prior written consent of the other party; *provided, however, that Manager may assign this Agreement and any of the rights, interests and obligations hereunder (a) to any Affiliate upon written notice to Sellers; provided further, however, that Manager shall remain liable hereunder; and (b) upon receipt of written consent from Sellers, which consent shall not be unreasonably withheld, to any person or entity who may simultaneously acquire all or a substantial part of the Acquired Assets and agrees to be bound by this Agreement, upon which Manager shall be deemed relieved of any obligations of "Manager" hereunder arising after the date of such assignment. Any assignment of this Agreement or any of the rights, interests or*

obligations hereunder in contravention of this Section 7.4 shall be null and void and shall not bind or be recognized by any of the Sellers or Manager

Section 7.5 No Third-Party Beneficiaries; Limitation of Liability.

Nothing in this Agreement shall be construed as giving any person other than the parties hereto any legal or equitable right, remedy or claim under or with respect to this Agreement. Manager shall have no liability to Sellers or any other person or entity for any actual or alleged damage to the Non-Transferred Assets during the Term.

Section 7.6 Invalidity. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

Section 7.7 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable New York principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

Section 7.8 Submission to Jurisdiction. The parties hereto irrevocably submit to the exclusive jurisdiction of the Bankruptcy Court (or any court exercising appellate jurisdiction over the Bankruptcy Court) over any dispute arising out of or relating to this Agreement or any other agreement or instrument contemplated hereby or entered into in connection herewith or any of the transactions contemplated hereby or thereby. Each party hereby irrevocably agrees that all claims in respect of such dispute or proceedings may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection that they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum in connection therewith.

Section 7.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

Section 7.10 Entire Agreement; Amendments and Waivers. This Agreement, together with the Asset Purchase Agreement (including the schedules and exhibits thereto) and the Transaction Documents constitute the entire agreement between the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. No supplement, modification or waiver of this Agreement (including, without limitation, any schedule hereto) shall be binding unless the same is executed in writing by all parties.

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided

Section 7.11 Headings. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

Section 7.12 Remedies. Sellers and Manager hereby acknowledge and agree that money damages may not be an adequate remedy for any breach or threatened breach of any of the provisions of this Agreement and that, in such event, Sellers or their successors or assigns, or Manager or its successors or assigns, as the case may be, may, in addition to any other rights and remedies existing in their favor, apply to the Bankruptcy Court for specific performance, injunctive and/or other relief in order to enforce or prevent any violations of this Agreement.

Section 7.13 No Partnership or Joint Venture Created. Nothing in this Agreement shall be construed or interpreted to make Manager and Sellers partners or joint venturers, or to afford any rights to any third party other than as expressly provided herein

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Sellers and Buyer as of the date first above written

**SELLERS:**

ALLEGIANCE TELECOM, INC.

By \_\_\_\_\_  
Name:  
Title:

ALLEGIANCE TELECOM COMPANY WORLDWIDE

By. \_\_\_\_\_  
Name  
Title.

ALLEGIANCE TELECOM COMPANY WORLDWIDE  
ADGRAFIX CORPORATION  
ALGX BUSINESS INTERNET, INC.  
ALLEGIANCE INTERNET, INC.  
ALLEGIANCE TELECOM INTERNATIONAL, INC.  
ALLEGIANCE TELECOM OF ARIZONA, INC.  
ALLEGIANCE TELECOM OF CALIFORNIA, INC.  
ALLEGIANCE TELECOM OF COLORADO, INC.  
ALLEGIANCE TELECOM OF FLORIDA, INC.  
ALLEGIANCE TELECOM OF GEORGIA, INC.  
ALLEGIANCE TELECOM OF ILLINOIS, INC.  
ALLEGIANCE TELECOM OF INDIANA, INC.  
ALLEGIANCE TELECOM OF MARYLAND, INC.  
ALLEGIANCE TELECOM OF MASSACHUSETTS, INC.  
ALLEGIANCE TELECOM OF MICHIGAN, INC.  
ALLEGIANCE TELECOM OF MINNESOTA, INC.  
ALLEGIANCE TELECOM OF MISSOURI, INC.  
ALLEGIANCE TELECOM OF NEVADA, INC.  
ALLEGIANCE TELECOM OF NEW JERSEY, INC.  
ALLEGIANCE TELECOM OF NEW YORK, INC.  
ALLEGIANCE TELECOM OF NORTH CAROLINA, INC.  
ALLEGIANCE TELECOM OF OHIO, INC.  
ALLEGIANCE TELECOM OF OKLAHOMA, INC.  
ALLEGIANCE TELECOM OF OREGON, INC.  
ALLEGIANCE TELECOM OF PENNSYLVANIA, INC.  
ALLEGIANCE TELECOM OF TEXAS, INC.

*(Signatures Continued)*

ALLEGIANCE TELECOM OF THE DISTRICT OF  
COLUMBIA, INC.

ALLEGIANCE TELECOM OF VIRGINIA, INC.

ALLEGIANCE TELECOM OF WASHINGTON, INC

ALLEGIANCE TELECOM OF WISCONSIN, INC

ALLEGIANCE TELECOM PURCHASING COMPANY

ALLEGIANCE TELECOM SERVICE CORPORATION

COAST TO COAST TELECOMMUNICATIONS, INC.

HOSTING COM, INC

INTERACCESS TELECOMMUNICATIONS CO

JUMP NET, INC

VIRTUALIS SYSTEMS, INC

MANAGER:

XO COMMUNICATIONS, INC

By

\_\_\_\_\_  
Name

Title

**Timetable**

<u>Action</u>	<u>Time from Start Date</u>
Execution of Agreement	December 18, 2003
Filing of Motion to Approve (i) Bidding Procedures and Break Up Fee and (ii) Agreement With Qwest.	2 Business Days
Bankruptcy Court Approval of Bidding Procedures.	January 9, 2004
Auction.	February 13, 2004
Bankruptcy Court Approval of Sale Order.	February 19, 2004
Bankruptcy Court Approval of Disclosure Statement.	April 16, 2004
Bankruptcy Court Entry of Confirmation Order.	June 4, 2004
Effective Date of Plan.	June 30, 2004

EXHIBIT K

Current Liabilities

Wage Accruals  
Payroll Taxes, to the extent related to wage accruals  
Bonus  
Commissions  
Vacation  
IBNR Medical/Dental  
Workers Comp/Auto Liability  
Legal Fees, not related to the Cases  
Audit Fees, not related to the Cases  
Invoice Processing  
Network Accruals  
Other Accrued Liabilities, not related to the Cases  
Network Expense Settlements  
Subscriber Taxes, other than Subscriber Taxes relating to Tax audit liabilities  
Deferred Revenue -- End User  
Deferred Revenue -- Set Up



EXHIBIT L

Sellers' Severance Benefits	
Employee Group	Estimated Weeks of Severance
Non-Exempt	2
Non-management Exempt	2
Supervisors	2
Managers	2
Directors	2
Commissionable Directors	2
VPs	4
SVPs	Case by Case
Above SVPs	Case by Case